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SOURCE Kuang-ming Jih-pao.

KAO KANG DISCUSSES NORTHEAST ECONOMIC RECONSTRUCTION,
ATTEMPTS TO ALLAY FEARS OF PRIVATE INDUSTRY

Recently, Chairman Kao Kang reported on the 1949 progress and the 1950 plans for economic reconstruction in the Northeast, at the conference of the Northeast People's government. A summary of his speech follows:

According to data supplied by the Industrial Section, 1949 production was 4.2 percent higher than estimated, and the actual industrial recovery rate was greater than the estimated industrial recovery rate. Public and private enterprises expanded, while the purchasing power of the people increased. In Shen-yang, private industry increased 23 percent while employment increased 18 percent.

As presented in this report, economic conditions in the Northeast are better than economic conditions in Shensi. In 1949, Shensi's industries produced 10 percent of the nation's industrial output, while the Northeast produced 35 percent in 1949 and will produce 43 percent in 1950. It is estimated that at this rate of increase, the Northeast will achieve a very high level of industrialization within the next 5 to 10 years. Shensi's industry cannot be compared with that in the Northeast, but it is believed that it will be developed to the present Northeast level within the next 5 or 10 years.

National economic conditions will have returned to normal within 3 to 5 years, Mao Tse-tung was quoted as having said, and within 8 to 10 years the national economy will have expanded to a very high level. With the aid of USSR and the other new democratic nations, China's industries will expand at a more rapid pace than the Soviet industries did after the 1917 Revolution. The reason for this is that at that time the USSR was surrounded by enemy capitalistic nations while China now has friendly new democratic allies. If the Northeast did not have the aid of Soviet technicians, etc., her economy could not have progressed through this reconstruction period at such a rapid pace.

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According to the experiences of the Northeast, it is evident that without the expansion which is taking place in public enterprises, private enterprises would not be able to survive. During this period of economic reconstruction, private and public enterprises will exist together. There are some who have the mistaken idea that public enterprise will absorb private enterprise. Mao Tse-tung stated that during China's long political transitional period, and even after the complete victory of the revolution, small and middle-class capitalists will be permitted to exist and, in fact, that portion which will benefit the nation shall become an integral part in the nation's economic development. This theory has been proven in the Northeast, where private industries have been able to survive because of the expansion of public enterprise and through the increased purchasing power of the people.

Today, owners of private firms in Shensi are needlessly worried over their relationship with public enterprise. By studying the Northeast, it may be seen that private and public enterprises have been able to cooperate. There is no denying that they have gone through trying periods and that many mistakes have been made, which may be due to the reason that industry was at one time keyed to foreign trade and now it must aim for the expansion of farm markets. The Northeast has been successful in making the transition and by such experience, Shensi shall be able to do likewise.

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